

## Message Text

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INFO OCT-01 IO-11 ISO-00 OIC-02 AF-06 ARA-06 EA-07 EUR-12

NEA-10 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06

PRS-01 SP-02 FEAE-00 OMB-01 XMB-02 OPIC-03 /139 W

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R 161745Z MAR 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1268

LIMITED OFFICIAL USE SECTION 1 OF 3 MTN GENEVA 1995

PASS STR, COMMERCE, LABOR, TREASURY, AGRICULTURE

INFO ALL OECD CAPITALS, BRASILIA, BUENOS AIRES, DELHI,  
JERUSALEM, MANILA, MEXICO CITY, PRETORIA, SINGAPORE

H PASS CODEL

EO 11652: N/A

TAGS: OCON, ETRD, MTN

SUBJECT: MTN NEGOTIATIONS: REPORT #1 (MARCH 1-14)

THE FOLLOWING CABLE IS THE FIRST IN A SERIES TO REPORT  
ON ACTIVITIES IN THE MULTILATERAL TRADE NEGOTIATIONS  
(MTN) NOW TAKING PLACE IN GENEVA. WE EXPECT TO SEND  
FUTURE REPORTS ON A REGULAR BASIS TO KEEP WASHINGTON  
AGENCIES AND INTERESTED POSTS UP TO DATE. YOUR COMMENTS  
REGARDING FORMAT OR SUBSTANCE ARE WELCOME.

SUMMARY: MAJOR EVENTS DURING THE REPORTING PERIOD CONSISTED  
OF THE PRESENTATION MARCH 1 OF THE US TROPICAL PRODUCTS

OFFER TO 64 AFFECTED COUNTRIES, THE VISITS TO PARIS AND

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BRUSSELS OF AMBASSADOR WILLIAM N WALKER, AND THE VISIT TO

BUDAPEST OF DEPUTY HEAD OF DEL WILLIAM E CULBERT.  
ALTHOUGH NO FORMAL GATT MEETINGS TOOK PLACE, EXTENSIVE  
PREPARATIONS AND CONSULTATIONS WERE UNDERWAY WITH OTHER  
DELEGATIONS ON FORMAL GATT MEETINGS SCHEDULED LATER THIS  
SPRING: TARIFFS, QUANTITATIVE RESTRICTIONS, AGRICULTURE,  
AND SAFEGUARDS. END SUMMARY

1. ON MARCH 1, THE MTN DEL DELIVERED 64 INDIVIDUAL  
US INITIAL TROPICAL PRODUCT COUNTRY OFFER LISTS TO THE  
GATT SECRETARIAT FOR FORWARDING TO COUNTRY DELS. THE US  
OFFER IS FOR MTN TARIFF CONCESSIONS UP TO THE MAXIMUM US  
AUTHORITY, I E, 100 PERCENT REDUCTION OF TARIFFS 5 PERCENT OR BELOW  
AND UP TO 60 PERCENT ON TARIFFS ABOVE 5 PERCENT. THE EXACT  
AMOUNT OF THE TARIFF REDUCTIONS WILL BE DETERMINED FOLLOWING A  
SERIES OF BILATERAL AND POSSIBLE PLURILATERAL CONSULTATIONS WITH  
INTERESTED COUNTRIES AND WILL DEPEND UPON THE EXTENT OF THE  
CONTRIBUTIONS THOSE COUNTRIES ARE PREPARED TO MAKE TO THE TROPICAL  
PRODUCTS NEGOTIATIONS. THE LISTS WERE PREPARED ON THE BASIS  
OF DEMONSTRATED TRADE INTERESTS OR REQUESTS ON A PARTICULAR  
PRODUCT. THIRTY-SEVEN OF THE OFFER LISTS WERE SENT TO DEVELOPING  
COUNTRIES WHICH HAD SUBMITTED REQUEST LISTS TO THE US AND THE  
OTHER 27 OFFER LISTS WERE SENT TO BOTH DEVELOPED AND DEVELOPING  
COUNTRIES WHICH HAD HAD TRADE INTERESTS IN THESE PRODUCTS;

I.E., EXPORTS TO THE US IN THE 1972-74 PERIOD. THE  
OFFER LISTS ARE BEING TREATED BY GATT AS SECRET NEGOTIATING  
DOCUMENTS AND ARE ONLY MADE AVAILABLE TO THOSE COUNTRIES  
TO WHICH THEY ARE ADDRESSED. HOWEVER, THE DEPARTMENT  
HAS BEEN REQUESTED TO SEND TO US EMBASSIES IN COUNTRIES  
RECEIVING US TROPICAL PRODUCTS OFFERS COPIES OF THE  
OFFER LIST FOR THEIR BACKGROUND INFORMATION. IN CIRCULATING  
ITS OFFER, THE US JOINED WITH THE JAPANESE,  
CANADIANS, NORDICS AND AUSTRALIA MAKING OFFERS REQUESTED  
IN THE TROPICAL PRODUCTS GROUP. THE EC, SWITZERLAND AND  
NEW ZEALAND ARE EXPECTED TO TABLE THEIR OFFERS SHORTLY.  
MOST OTHER DEVELOPED COUNTRY OFFERS CONSIST OF GSP AND  
NOT MFN CONCESSIONS.

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COUNTRIES RECEIVING OFFER LISTS HAVE FORWARDED THEM TO  
CAPITALS FOR STUDY AND INSTRUCTIONS. SOME DEVELOPING  
COUNTRIES HAVE INFORMALLY EXPRESSED CONCERN THAT THE US  
IS SEEKING "CONTRIBUTIONS" FROM THE DEVELOPING COUNTRIES  
IN THIS PHASE OF THE MTN AND NOT AT THE END OF THE MTN.  
US MTN DEL HAS REPEATEDLY POINTED OUT THAT ITS ABILITY  
TO CONCLUDE A MEANINGFUL TROPICAL PRODUCTS PACKAGE EARLY  
IN THE MTN WILL REQUIRE CONTRIBUTIONS FROM ALL PARTICIPANTS,

CONSISTENT WITH PARA 5 OF THE TOKYO DECLARATION.

2. WALKER VISIT TO PARIS. ON MARCH 1 AMBASSADOR WALKER DELIVERED A SPEECH ON US TRADE POLICY TO 30 MEMBERS OF THE GENERAL ECONOMIC COMMITTEEZ OF THE FRENCH PATRONAT. THE MEETING WAS CHAIRED BY JACQUES FERRY, THE PRESIDENT OF THE FRENCH STEEL ASSOCIATION AND VICE-PRESIDENT OF THE FRENCH PATRONAT. A PRESS CONFERENCE AND PRIVATE LUNCHEON WITH TEN LEADING FRENCH INDUSTRIALISTS AND PATRONAT OFFICIALS FOLLOWED THE SPEECH. AMB WALKER'S SPEECH AND PRESS CONFERENCE WERE AN OCCASION TO REMIND THE FRENCH THAT MUCH IS AT STAKE IN THE NEGOTIATIONS FOR BOTH COUNTRIES, NOT JUST THE US. HE ASKED THE FRENCH TO BE MORE CONCERNED WITH THE CONCESSIONS THEY COULD GAIN THROUGH THE NEGOTIATIONS THAN WITH AVOIDING ANY CONCESSIONS ON THEIR SIDE. THE AMBASSADOR WAS ABLE TO EMPHASIZE STRONGLY THAT US IS NOT ENTERING INTO A PROTECTIONIST PHASE JUST BECAUSE IT IS IMPLEMENTING PROCEDURES REQUIRED UNDER THE TRADE ACT OF 1974.

THE QUESTION AND ANSWER SESSION BROUGHT OUT CONCERNS HELD BY THE FRENCH INDUSTRIALISTS ON THE FOLLOWING: DEVELOPING US PROTECTIONISM, SUPERIOR ABILITY OF THE US GOVERNMENTAL SYSTEM TO RESPOND TO ITS CONSTITUENTS COMPARED WITH THE EC'S, AND THE IMPORTANCE OF MONETARY STABILITY AS A PREREQUISITE TO IMPLEMENTATION OF ANY AGREEMENT HREACHED AT THE MTN. AT MEETINGS WITH RAYMOND BARRE, MIN OF TRADE, JEAN-RENE BERNARD, COORDINATOR FOR EC POLICY, AND BETRAND DEMOREL, DIRECTOR OF DREE, THE AMBASSADOR EXPRESSED US DISSATISFACTION WITH SEVERAL ISSUES THEN PENDING BEFORE THE EC AGRICULTURAL MINISTERS: THEIR NON-FAT DRY MILK PROBLEM, TROPICAL PRODUCTS CONCESSIONS IN THE FORM OF GSP, PARTICULARLY WITH TOBACCO, AND THE INCREASE IN GRAIN PRICE

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SUPPORTS.

3. WALKER VISIT TO BRUSSELS. ON MARCH 11 AMB WALKER DELIVERED A SPEECH TO THE AMERICAN CHAMBER OF COMMERCE OF BELGIUM. THE SPEECH GAVE A BROAD OVERVIEW OF THE MTN AND REAFFIRMED THE USG'S COMMITMENT TO THE GOAL OF FREER WORLD TRADE. IN SETTING THE GOAL TO COMPLETE THE NEGOTIATIONS IN 1977, HE SAID, IT WAS EXPLICITLY RECOGNIZED THAT SUBSTANTIAL WOR MUST BE ACCOMPLISHED IN 1976. IN THIS EFFORT THE US FULLY INTENDS TO PARTICIPATE IN A CONSTRUCTIVE AND ENERGETIC MANNER.

THE SPEECH ALSO COMMENTED ON CHARGES OF INCREASED PROTECTIONISM BY THE US. AMB WALKER FELT THAT THIS REFLECTED A MISUNDERSTANDING OF US POLICY BUT REVEALED IN

ADDITION THE APPLICATION OF A DUBIOUS DOUBLE STANDARD. US ATTITUDES TOWARDS LIBERALIZATION ARE CLEAR; THE US IS NOT PROTECTIONIST. HE CITED STATISTICS ON COUNTERVAILING DUTY, ANTIDUMPING, SECTION 301, AND ESCAPE CLAUSE CASES TO DEMONSTRATE THE RELATIVELY MINOR ACTIONS TAKEN TO DATE. ON THE DOUBLE-STANDARD ASPECTS OF THE SITUATION, THE AMB MENTIONED CURRENT EC POLICY ON AGRICULTURE WHICH CALLED FOR INCREASES ON WHEAT AND CORN BY 9 PERCENT. THIS MEASURE WOULD EVENTUALLY LEAD TO AN INCREASE IN VARIABLE IMPORT LEVIES ON THESE PRODUCTS WHICH ARE OF SIGNIFICANT INTEREST TO THE US. THE AMB ALSO MENTIONED THE RELATIONSHIP OF THE EC'S SURPLUS OF NON-FAT DRY MILK (NFDM) IN US SOYBEAN EXPORTS. THE AMB STATED THAT THE EC, "HAVING JUST JABBED SEVERAL SPEARS INTO FREE TRADE, APPEARS TO THE US A BIT AWKWARD AND INCONSISTENT WHEN IT CRITICIZES US FOR ALLEGED PROTECTIONIST ACTIONS."

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EARLIER, IN A LENGTHY MEETING WITH BELGIAN OFFICIALS, THE AMBASSADOR REVIEWED THE POINTS HE INTENDED TO MAKE IN HIS ADDRESS AND DISCUSSED IN SOME DETAIL THE US DISAPPOINTMENT WITH THE EC APPROACH TO TROPICAL PRODUCTS. THE BELGIANS EXPLAINED THEIR COMMITMENT TO EC POLICY AND THE EC'S

SENSE OF SPECIAL OBLIGATION TOWARDS CERTAIN DEVELOPING COUNTRIES (READ COLONIZATION COMPLEX), THE DESIRE TO REMAIN OPEN TO RECIPROCITY, THE NEED FOR IMPORTANT CONCESSIONS NOW TO SHOW GOODWILL FOR THE REMAINDER OF THE NEGOTIATIONS AND THE "FLEXIBILITY" OF CONCESSIONS GIVEN IN GSP VERSUS MFN. THEY INDICATED THAT THE MATTER WAS NOT YET SETTELED IN BRUSSELS, BUT THAT THERE WAS A GENRAL FEELING THAT SOME CONCESSION TO LDC'S WOULD HAVE TO BE MADE, EVEN IN PRODUCTS WHERE THE US WAS THE PRINCIPAL SUPPLIER TO THE EC. AMB WALKER ALSO RAISED THE ISSUE OF NATIONAL TREATMENT UNDER THE STANDARDS CODE. THE BELGIANS UNINFORMED RE THE SPECIFICS OF THE ISSUE BUT WERE INTERESTED IN LOOKING INTO IT.

4. VISIT TO BUDAPEST OF CULBERT. THE VISIT TO BUDAPEST OF DEPUTY HEAD OF DELEGATION WILLIAM E. CULBERT FOCUSED LIMITED OFFICIAL USE

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MAINLY ON CLARIFYING US AND HUNGARIAN OBJECTIVES IN THE MTN. AN INFORMAL EXCHANGE OF VIEWS ON PROSPECTS FOR ESTABLISHING US/HUNGARIAN MFN RELATIONS INDICATED THAT THE HUNGARIANS HOPE THIS WILL BE POSSIBLE BEFORE THE END OF THE MTN. THEY WILL NOT, HOWEVER, ENTER INTO NEGOTIATIONS WITH THE US UNTIL SECTION 402 OF THE TRADE ACT (FREEDOM OF IMMIGRATION) IS REMOVED. THE HUNGARIANS DO NOT LIKE THE TRADE ACT REQUIREMENT FOR SEPARATE BILATERAL AGREEMENTS, INCLUDING MARKET DISRUPTION CLAUSES, AS A PREREQUISITE FOR MFN RELATIONS, BUT THEY INDICATED THAT THEY WOULD PROBABLY BE WILLING TO NEGOTIATE IF THE POLITICAL PREREQUISITE WERE MET; I.E., THE ELIMINATION OF SECTION 402. THERE ALSO APPEARED TO BE MORE CONCERNED ABOUT THE THREE-YEAR LIMITATION IN SECTION 405 OF THE TRADE ACT THAN TO THE IDEA OF THE MARKET DISRUPTION CLAUSE.

5. PREPARATIONS FOR TARIFFS MEETING MARCH 23. THE DELEGATION STEPPED UP ITS ACTIVITIES ON TARIFFS IN PREPARATION FOR THE MARCH 23 GATT MEETING AT WHICH THE US WILL PRESENT ITS TARIFF FORMULA. IN MEETING WITH THE CANADIANS TO EXCHANGE VIEWS, THE CANADIANS REITERATED THEIR OWN FORMULA AND STRESSED THE IMPORTANCE TO CANADA OF TARIFF REDUCTIONS AND ELIMINATIONS IN THE LOW DUTY RANGES, PARTICULARLY THE 5 PCT AND BELOW RANGE. THE CANADIANS MENTIONED AGAIN THEIR WELL-KNOWN VIEW THAT IF CANADA DOES NOT GET WHAT IT NEEDS VIS-A-VIS LOW TARIFF RATES, CANADA COULD NOT PARTICIPATE IN THE MTN AS A FORMULA COUNTRY. THE US IN TURN NOTED CONCERN WITH RECENT REMARKS ON THE CANADIAN SIDE TO THE EFFECT THAT CANADA COULD NOT AGREE TO A TARIFF FORMULA BY THE END OF THE SUMMER BECAUSE IT WILL NOT HAVE COMPLETED ITS FEDERAL-PROVINCIAL CONSULTATIONS. THE US FELT THAT THE TIME THAT HAD ELAPSED SINCE THE NEGOTIATIONS STARTED IN EARNEST IN

FEBURARY OF '75 SHOULD HAVE GIVNE THE CANADIANS AMPLE TIME TO DEVELOP THEIR IDEAS FULLY ON THIS SUBJECT. IN ANY EVENT WHETHER THE CANADIAN DECISION ON TARIFFS WERE DELAYED OR NOT DELAYED, IT SEEMS THAT CANADIAN ACCEPTANCE OF A FORMULA IS LINKED TO EXCEPTIONS PROCEDURES IN THE MTN AND SUBSEQUENT DOMESTIC CONSULTATIONS.

CONCERNING TARIFFS, THE GATT SECRETARIAT ADVISED THE DELEGATION THAT IT HAD DEVELOPED A NEW DRAFT LIST OF TABULATIONS THAT ANALYZED THE EFFECTS OF ALTERNATIVE TARIFF FORMULA ON LIMITED OFFICIAL USE

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DEVELOPING COUNTRY TRADE. AFTER RECEIVING A COPY OF THE LIST, US DEL TRANSMITTED OUR REACTION TO THE GATT SECRETARIAT.

6. SECTORS. A MEMBER OF THE GATT SECRETARIAT CALLED ON THE US DELEGATION MARCH 8 TO DESCRIBE DIFFICULTIES THE SECRETARIAT HAD ENCOUNTERED IN PRESENTING PRODUCTION DATA IN THE STUDIES IT IS PREPARING FOR THE SECTORS GROUP -- PARTICULARLY AS THEY RELATED TO ENGINEERING AND CHEMICAL INDUSTRIES. THE SECRETARIAT HAD DOUND IT IMPOSSIBLE TO MATCH TRADE DATA WITH PRODUCTION DATA OBTAINED FROM DIFFERENT SOURCES. AN ADDITIONAL PROBLEM CONCERNS THE EC'S REFUSAL TO ALLOW THE SECRETARIAT TO PRESENT DATA INCLUDING PRODUCTION DATA BY INDIVIDUAL MEMBER COUNTRY. THE SECRETARIAT AGREED TO INCORPORATE IN ITS STUDIES PUBLICATIONS FROM OTHER SOURCES AND IF NO DATA WAS AVAILABLE IN THE CASE OF THE INDIVIDUAL COUNTRIES, TO LEAVE THOSE AREAS BLANK. THE GATT SECRETARIAT CONFIRMED THAT IT HAS ALMOST COMPLETED ITS PROCESSING OF THE TARIFF AND TRADE DATA FOR ELECTRONICS, HEAVY EQUIPMENT, AND CHEMICALS AND WOULD DO THE SAME SUBSEQUENTLY FOR TWO OR THREE AS YET UNDECIDED OTHER SECTORS.

7. MFN PREPARATIONS. CONSULTATIONS WITH OTHER DELEGATIONS WERE EXTENSIVE IN PREPARATION FOR THE CUSTOMS MATTERS MEETING MARCH 16, AND THE QUANTITATIVE RESTRICTIONS MEETING MARCH 29. ON CUSTOMS MATTERS THE DELEGATION HAD INFORMAL MEETING WITH THE MEMBERS OF THE FOLLOWING DELEGATIONS: AUSTRALIA, CANADA, NEW ZEALAND, INDIA, JAPAN. THE CANADIANS FOR THEIR PART INDICATED THAT THEY WISHED TO COORDINATE THEIR POSITION ON CUSTOMS MATTERS (VALUATION) WITH THE US SINCE THE CANADIANS FELT THAT THE US AND CANADA WOULD BOTH BE UNDER PRESSURE FROM THE EC AT THE UPCOMING MEETING. ON QUANTITATIVE RESTRICTIONS, INFORMAL CONSULTATIONS WERE HELD WITH AUSTRALIA, CANADA, THE EC, FINLAND, JAPAN, AND NEW ZEALAND. THE AUSTRALIANS STATED THAT THEIR MAIN OBJECTIVE IN GHE SUBGROUP WAS THE LIBERALIZATION OF ILLEGAL JAPANESE QRS, AND, TO A LESSER EXTENT, THE AGRICULTURAL QRS OF THE NORDICS. THE AUSTRALIANS FEEL THAT THEY HAVE VERY LITTLE REAL LEVERAGE ON QUANTITATIVE RESTRICTIONS AND THEY THEREFORE

PREFER MULTILATERAL SOLUTIONS.

THE CANADIANS POINTED OUT THAT THEIR PROPOSAL FOR BILATERAL QR  
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NEGOTIATIONS IS STILL ON THE TABLE CANADIANS ADDED THAT

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R 161745Z MAR 76

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THEIR CONSULTATIONS ON QRS ARE COMPLETED WITH THE  
EXCEPTION OF JAPAN.

US DEL ALSO MET BILATERALLY WITH THE EC DEL TO  
DISCUSS THE NEXT QR SUBGROUP MEETING. QUERIED ON  
POSSIBLE MULTILATERAL QR SOLUTIONS AND WHETHER THE EC  
HAD ANY FURTHER ELABORATIONS AS TO THE ROLE OF SAFEGUARDS  
IN QR NEGOTIATIONS, THE EC DEL RESPONDED THAT ANY  
SAFEGUARDS EXERCISE WOULD NOT ITSELF REDUCE QRS. THE EC  
INSTEAD HOPES THAT MORE SATISFACTORY SAFEGUARD PROCEDURES  
WOULD OPEN UP THE WAY FOR LIBERALIZATION IN QR NEGOTIATIONS.

THE EC SAID THAT ALTHOUGH IT HAS ATTEMPTED TO DEVELOP A MULTILATERAL APPROACH TO QRS, IT HAS NOT, TO DATE, BEEN ABLE TO COME UP WITH VIABLE PROPOSALS.

IN DISCUSSIONS WITH THE JAPANESE ON THE POSSIBILITY OF BILATERAL CONSULTATIONS ON QRS THE JAPANESE RAISED SEVERAL OBJECTIONS TO THE US NOTIFICATIONS. THE US NOTIFICATION, UNLIKE THOSE FROM OTHER COUNTRIES, SEEMED TO THE JAPANESE TO BE ADDRESSED IN A GENERAL FASHION TO ALL TYPES OF TRADE RESTRICTIONS JAPAN MAINTAINS. THE LIMITED OFFICIAL USE

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JAPANESE WANTED INSTEAD TO HAVE A LIST WHICH INDICATED MORE COMPLETELY AND SPECIFICALLY QUANTITATIVE RESTRICTIONS WITHIN THE TERMS OF REFERENCE OF THE QR SUBGROUP. THE JAPANESE ALSO NOTED THAT OUR REQUEST LISTS ALSO CONCERNED PRODUCTS ALREADY COVERED BY EXISTING AGRICULTURAL SUBGROUPS.

THE FINISH DEL STATED THAT THE NORDICS WOULD LIKELY NOW AGREE TO CONSULT WITH THE US ON QRS.

THE NEW ZEALAND DEL BELIEVES THAT ALTHOUGH MANY TROUBLESOME QRS EXIST, NO ONE SEEMS TO HAVE ADEQUATE MULTILATERAL SOLUTIONS FOR THEM. THE NEW ZEALANDERS SEE NO POSSIBILITY OF A FORMULA OF GENERAL APPLICATIONS BUT DID NOT WANT TO SEE COUNTRIES FALL BACK TO STRICTLY BILATERAL APPROACHES BEFORE THE NEGOTIATIONS PROGRESS TO A POINT WHERE SOME MULTILATERAL SOLUTIONS IN OTHER GROUPS SUCH AS SAFEGUARDS COULD BE AGREED.

8. SAFEGUARDS. THE GATT SECRETARIAT REPORTED THAT IT IS PREPARING A STUDY ON DISPUTE SETTLEMENT AS REQUESTED IN THE LAST SAFEGUARDS GROUP MEETING. A TWENTY-FIVE PAGE DRAFT IS READY FOR INTERNAL CLEARANCE AND THE FINAL DOCUMENT SHOULD BE ISSUED WITHIN THE NEXT FEW WEEKS. THE STUDY TAKES FIVE REP MULTILATERAL AGREEMENTS (POSSIBLY A SIXTH) TO ILLUSTRATE THE FULL SPECTRUM OF MULTILATERAL APPROACHES TO DECISION MAKING AND DISPUTE SETTLEMENT IN INTERNATIONAL AND COMMERCIAL POLICY. THE FIVE REP AGREEMENTS ARE THE GATT, THE EFTA AGREEMENT, THE LOMA CONVENTION, THE COCOA AGREEMENT, THE MULTI-FIBRE AGREEMENT, AND POSSIBLY THE ARTICLES OF AGREEMENT ON THE INTERNATIONAL MONETARY FUND.

9. AGRICULTURE. ACTIVITY IN AGRICULTURE OVER THE REPORTING PERIOD WAS AFFECTED BY THE NFDM CONTROVERSY WITH THE EC. IN A CALL ON THE US DEL, THE HEAD OF THE EC DEL VOLUNTEERED THAT THE EC'S NFDM PROPOSAL WAS "EMINENTLY FAIR" BECAUSE THE SKIM MILK THAT WILL BE FED TO CATTLE UNDER THE ARRANGEMENT CONTAINS ALREADY IMPORTED US SOYBEANS, "RECYCLED" AS IT WERE\* HIS ARGUMENT WAS THAT THE EC HAD OVERPURCHASED

SOYBEANS USED IN FEED FOR CATTLE PRODUCING SURPLUS NFDM. THE SITUATION WAS AS IF THE EC HAD BEEN STOCKPILING EXCESS QUANTITIES OF US SOYBEANS AND WAS NOW REDUCING ITS PURCHASING REQUIREMENTS.  
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THE US DEL REPLIED THAT THIS LINE OF ARGUMENT WAS SINGULARLY UNPERSUASIVE.

THE REPORTING PERIOD ALSO FEATURED DISCUSSION ON AGRICULTURAL NOTIFICATION/CONSULTATIONS.

UNDER THESE PROCEDURES, THE DEL RECEIVED ITS FIRST REQUEST FOR CONSULTATIONS ON US TAPIFF AND NON-TARIFF MEASURES AFFECTING AGRICULTURAL PRODUCTS FROM THAILAND.

THERE HAS ALSO BEEN DISCUSSION ON FORA FOR NEGOTIATIONS ON GRAINS. REPORTS OF RECENT DISCUSSIONS IN THE IWC AND THE AD HOC PREP MEETINGS FOR UNCTAD IV CONCERNING POSSIBLE INITIATIVES FOR GRAIN NEGOTIATIONS UNDER UNCTAD AUSPICES HAVE PROMPTED THE US DEL TO SEEK CLARIFICATION ON THE USG POSITION ON THIS SUBJECT. THE DEL IS AWARE THAT MOST INTERNATIONAL COMMODITY AGREEMENTS HAVE BEEN NEGOTIATED UNDER SOME KIND OF UN UMBRELLA WITH A TIE TO UNCTAD. IN THE CASE OF GRAINS, HOWEVER, WHICH ARE OVERWHELMINGLY A DEVELOPED COUNTRY PRODUCT WITH ONLY ONE MAJOR LDC PRODUCER, NEGOTIATIONS HAVE BEEN CONDUCTED AD HOC AMONG THE MAJOR PRODUCERS AS IN THE 1967 MEMO OF AGREEMENT AS PART OF THE GATT KENNEDY ROUND. THE PROBLEM OF A FORUM FOR THIS DISCUSSION IS IMPORTANT BECAUSE WITH LITTLE ACTION TAKING PLACE NOW, UNCTAD OR THE EC, OR PERHAPS EVEN THE RUSSIANS, COULD TAKE THE INITIATIVE UNDER UNCTAD AUSPICES.

10. GATT REFORM. A MEMBER OF THE GATT SECRETARIAT ADVISED US THAT IN HIS VIEW FUTURE MEETINGS ON GATT REFORM WILL BE MARKED BY AN LDC CALL FOR MAXIMUM SPECIAL AND DIFFERENTIAL TREATMENT AND FUNDAMENTAL GATT REVISION. HE INDICATED THAT THE US CASE BY CASE APPROACH TO GATT REVISION WHICH EARLIER SEEM SENSIBLE WAS BECOMING ONLY MARGINALLY MORE PROMISING THAN A WHOLESOME EFFORT. HE MENTIONED THAT HE HAD COLLECTED A LARGE CATALOGUE OF WAYS TO AMEND THE GATT WITHOUT GOING THOROUGH THE FORMAL AMENDMENT PROCESS, AND BELIEVES THAT IT MIGHT BE POSSIBLE TO DEFLACT SOME LDC OBSTINANCE AND POSTURING IN GATT REFORM BY MAKING IT CLEAR THAT THE DCS HAVE OTHER WAYS OF REVISING THE RULES THAN TO SEEK THE NEEDED MAJORITIES OF CONTRACTING PARTY VOTES UNDER ART XXX (AT THIS POINT IT IS THEORETICALLY POSSIBLE FOR AN AMENDMENT OF THE GATT TO BE BLOCKED BY A MAJORITY OF CONTRACTING

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PARTIES REPRESENTING LESS THAN 2 PERCENT OF WORLD TRADE).

WALKER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE AGREEMENTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Drafter:** n/a  
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**Review Authority:** ShawDG  
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**Review Release Date:** n/a  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MTN NEGOTIATIONS: REPORT #1 (MARCH 1-14) THE FOLLOWING CABLE IS THE FIRST IN A SERIES TO REPORT  
**TAGS:** OCON, ETRD, SZ, GATT, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006